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October 9, 2018

BY E-PORTAL

Ms. Carlotta Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

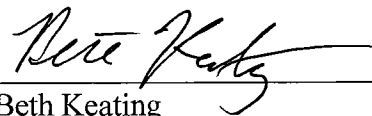
Re: Docket No. 20180003-GU – Purchased Gas Adjustment (PGA) True-Up.

Dear Ms. Stauffer:

Attached for electronic filing, please find an Agreed Motion for Leave to File Supplemental Direct submitted in the referenced docket on behalf of Florida City Gas. Under separate cover, Florida City Gas is also submitting the Supplemental Direct Testimony and Exhibits MB-3 and MB-4 of Mr. Miguel Bustos.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
cc: Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment)
(PGA) True-up)
_____)

Docket No. 20180003-GU

Filed: October 9, 2018

**FLORIDA CITY GAS'S AGREED MOTION TO ACCEPT
SUPPLEMENTAL DIRECT TESTIMONY**

Florida City Gas ("FCG" or "the Company") hereby respectfully moves the Florida Public Service Commission ("FPSC" or "Commission") to issue an order accepting FCG's Supplemental Direct Testimony, which is filed contemporaneously with this Motion, and as support therefor states as follows:

1. On March 1, 2018, the FPSC entered Order No. PSC-2018-0114-PCO-GU, the "Order Establishing Procedure" for this proceeding. On May 14, 2018, by Order No. PSC-2018-0248-PCO-GU, the Commission rescheduled the hearing in this Purchased Gas Adjustment ("PGA") proceeding for November 5-7, 2018.
2. Separately, on April 20, 2018, the Commission approved a Settlement, in Docket No. 20170179-GU, *Petition for rate increase by Florida City Gas*, among the Office of Public Counsel ("OPC"), the Federal Executive Agencies ("FEA") and FCG (jointly herein "Parties"). The Settlement outlined, among other things, the Parties' agreement that the Company's projected tax savings from the Tax Cuts and Jobs Act of 2017 ("TCJA") is \$4,584,338 and this amount was included as a reduction to the test year subject to certain specified conditions set forth in the Settlement.
3. The Settlement further reflected the Parties' agreement that the issue of the finalized amount of the "protected" and "unprotected" excess deferred taxes and the flow back period of the "protected" and "unprotected" excess deferred taxes, would be

determined and trued-up either by submission of a later agreement or the initiation of a limited scope proceeding no later than July 1, 2018.

4. On August 10, 2018, FCG filed its Petition for Limited Scope Proceeding, consistent with Article II, paragraph c. of the Settlement, asking the Commission to address the quantification of FCG's excess accumulated "protected" and "unprotected" deferred income taxes created by the TCJA, as well as the appropriate disposition of the excess deferred income taxes. The Limited Scope Proceeding was assigned Docket No. 20180154-GU. On September 24, 2018, the Order Establishing Procedure for that proceeding, Order No. PSC-2018-0472-PCO-GU, was issued.
5. The Parties continued to negotiate in good faith with regard to the disposition of "protected" and "unprotected" excess deferred taxes and have since reached a definitive agreement as to the appropriate quantification of the amounts and further disposition of the "protected" and "unprotected" amounts ("EADIT Tax Agreement"), which was filed in Docket No. 20180154-GU on October 8, 2018.
6. An aspect of the EADIT Tax Agreement involves flowing back \$304,943 to FCG customers, which is the difference between (a) FCG's 2018 revenue requirement based on the current amortization in base rates of \$1.6 million of basis adjustments that were incorrectly classified as "protected" and (b) the revenue requirement amount that would have been flowed through using a five-year amortization had the basis adjustments been properly classified as "unprotected" at the outset. Pursuant to the EADIT Tax Agreement, the amount for 2018 should be flowed through to customers by way of a one-time credit to the Purchased Gas Adjustment ("PGA") rate

charged to customers in 2019, while future amounts will be addressed through a base rate reduction effective January 1, 2019.

7. While the EADIT Tax Agreement has not yet been scheduled for consideration by the Commission, FCG respectfully requests that it be allowed to submit Supplemental Direct Testimony in this PGA proceeding in support of the tax savings credit adjustment to the 2019 PGA set forth in the EADIT Tax Agreement.
8. Allowing FCG to provide Supplemental Direct Testimony for the limited purpose of providing support in this record of the proposed 2019 PGA tax savings credit will facilitate full and timely compliance with the EADIT Tax Agreement, in the event that the Commission determines that the EADIT Tax Agreement should be approved, by enabling the credit to be made, as contemplated, beginning January 2019. Given the approaching hearing in this matter, FCG has submitted the Supplemental Testimony and supporting schedules of Miguel Bustos contemporaneously with this Agreed Motion.
9. The Supplemental Direct Testimony and supporting schedules are succinct and will not require recalculation of the Company's proposed 2019 maximum levelized PGA Factor because the PGA tax savings credit is calculated on a stand-alone basis. If the EADIT Tax Agreement is approved, the PGA tax savings credit will be applied as an additional, separate credit to the actual monthly PGA rate charged to customers in 2019. As such, FCG respectfully suggests that submission of this supplemental filing will not cause undue inconvenience or prejudice to any party to this proceeding nor to Commission staff.

10. Should the Commission accept FCG's Supplemental Direct Testimony, FCG also suggests that the Commission include an additional, Company-specific issue in this year's PGA proceeding as follows:

Should the 2019 PGA tax savings credit proposed by FCG be applied to customers' bills in 2019?

11. In the event that the Commission addresses the EADIT Tax Agreement prior to the Commission's hearing in this Docket, the Commission's decision could be recognized for purposes of addressing the tax savings credit issue in this PGA proceeding at the November 5-7, 2018 hearing. If the Commission addresses the EADIT Tax Agreement subsequent to the hearing in this PGA docket, the Commission would have sufficient basis in this record to rule on the company-specific issue contingent on the outcome of the Commission's decision on the EADIT Tax Agreement in Docket No. 20180154-GU.

12. FCG states that it has consulted with the Office of Public Counsel and the other parties to this PGA proceeding. OPC supports FCG's request to submit Supplemental Direct Testimony. The other utility parties to this proceeding have indicated that they do not object to FCG's request, or have not responded as of the date of this filing.

WHEREFORE, Florida City Gas respectfully requests that the Commission, through the Prehearing Officer assigned to this docket:

1. Accept FCG's Supplemental Direct Testimony submitted under separate cover contemporaneous with this request for the limited purpose of addressing the

proposed 2019 PGA tax savings credit contemplated in the EADIT Tax Agreement filed in Docket No. 20180154-GU; and

2. Include an additional issue for resolution in this proceeding, as described herein, regarding application by FCG of a tax savings credit to each customers' PGA charge for calendar year 2019.

Dated this 9th day of October 2018.

Respectfully submitted,



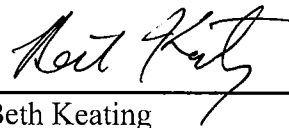
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Admitted in PA;
FL Authorized House Counsel

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of foregoing has been furnished by Electronic Mail or US Mail to the following parties of record this 9th day of October, 2018:

Florida Public Utilities Company Mike Cassel 1750 S 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com	MacFarlane Ferguson Law Firm Ansley Watson, Jr./Andrew Brown P.O. Box 1531 Tampa, FL 33601-1531 aw@macfar.com AB@macfar.com
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